UNITED NATIONS

DP

Governing Council of the United Nations Development Programme

Distr.
GENERAL

DP/CP/CVI/4
1 April 1991
ENGLISH
ORIGINAL: FRENCH

Thirty-eighth session
3-21 June 1991, New York
Item 5 (a) of the provisional agenda

PROGRAMME PLANNING

Country and intercountry programmes and projects

FOURTH COUNTRY PROGRAMME FOR CAPE VERDE*

Programme period	Actual resources programmed	$
July 1992-December 1996	Fifth cycle IPF	7 218 000
	Borrowed from fifth cycle	(900 000)
	Other resources programmed	10 900 000
	Total	17 218 000

CONTENTS

		Paragraphs	Page
I.	DEVELOPMENT TRENDS, STRATEGIES AND PRIORITIES	1 - 17	2
	A. Current economic and social trends	1 - 5	2
	B. National development strategies	6 - 11	2
	C. Technical co-operation priorities	12 - 15	3
	D. Aid co-ordination arrangements	16 - 17	4
II.	THE COUNTRY PROGRAMME	18 - 44	5
	A. Assessment of the third country programme	18 - 20	5
	B. New programme proposal	21 - 43	6
	C. Unprogrammed reserve	44	11
Annex.	Financial summary		12

* Other related data prepared as part of the country programming exercise are available on request.

I. DEVELOPMENT TRENDS, STRATEGIES AND PRIORITIES

A. Current economic and social trends

1. Cape Verde's economy is based on services, which represent two thirds of GDP. However, agriculture is the economic sector providing the largest number of jobs, even although it is subject to climatic factors and the area devoted to agriculture is small and fragmented.

2. As a result of assistance from the international community, in recent years there has been a high volume of investment in the economy ($70 million to $80 million per year), focused mainly on basic infrastructure and human resources development. Macroeconomic and sectoral management, combined with transfers from emigrants, have been effective, facilitating positive economic growth (approximately 5 per cent per year), accompanied by a steady increase in per capita income and the well-being of the population.

3. An analysis of trends in the main macroeconomic aggregates, foreign trade and the financing of the economy reveals the economy's instability and its dependence on external factors. Since the economy is unable to meet the requirements for endogenous growth, domestic demand is increasingly met by means of imports, despite the emergence of the private sector. This is leading to a growing overall deficit in resources, which is not set off by exports: exported goods represent only 10 per cent of imported goods. Foodstuffs represent 50 per cent of imports. However, the balance of payments remains positive owing to the high volume of current transfers from abroad and activities involving the export of services (port and airport).

4. Low revenue and the burden that debt-servicing represents for the State budget are chiefly responsible for the growing budget deficit.

5. The impact of population growth (over 2 per cent annually) on social demand magnifies the effect of the major structural constraints. Although much progress has been made in the various social sectors, particularly in the areas of education, health and nutrition, social demand is not matched by the public and private supply of infrastructure and the quality of benefits is inadequate. Unemployment remains high (one third of the active population) and large-scale migration from rural areas is a significant phenomenon. On the other hand, illiteracy is decreasing (under 40 per cent in 1989), and the aim under the current plan of action is to eradicate it within the coming 10 years.

B. National development strategies

6. The priorities set in the third plan, currently under preparation, will be based on the policies adopted in 1988. The purpose of those policies is to ensure that Cape Verde benefits from more active integration into the international division of labour, by adjusting its economic system while maintaining human development.

7. The adjustment of the economic system is based on the economic advantages of Cape Verde's geographical situation, its political stability and the quality of its human resources, the aim being to promote foreign investment and develop exports. The policy of opening the economy to the exterior, which has been reinforced by the development of national technological capacity and supported by means of the expansion and diversification of the country's production base (for example, small- and medium-scale private firms) is designed to reduce external dependence and to create jobs.

8. Macroeconomic equilibria will be maintained through a continued policy of financial austerity and reduction of the public deficit, and through the launch of the fiscal reform. Moreover, the upgrading of national management capacity, particularly through administrative reform, and the adaptation of that capacity to the new economic framework are intended to guarantee the national capability required for the development process that has begun.

9. Such traditional economic sectors as rural development and fishing, in which the majority of the population is still employed, will continue to be given particular attention, with greater emphasis on involvement of the population in development efforts, and on the promotion of employment, particularly for women and young people. The prolonged drought still calls for a major effort to protect the environment.

10. Human resources development, one of the Government's major concerns since independence, is of particular importance in the context of the new strategy. Education is to be extended and its quality improved by means of the education reform, the development of technical and vocational training, and the eradication of illiteracy, in order to increase Cape Verde's competitiveness and to promote participation in decision-making.

11. Lastly, the extension of health coverage and improvements in the quality of health care will consolidate what has already been achieved in the area of health.

C. Technical cooperation priorities

12. This process of economic adjustment calls for a major endeavour to adapt policies and procedures in areas in which Cape Verde does not have enough experience. Technical cooperation must therefore be designed to assist - for example, through National Technical Cooperation Assessments and Programmes (NaTCAPs) - in strengthening national planning, management and monitoring capacity in the sectors concerned, with a view to guaranteeing that Cape Verde will be capable of meeting the requirements of its own development process. Furthermore, the NaTCAP exercise will result in a policy paper specifying a methodological framework and the necessary tools for the management and programming of technical cooperation in all the sectors where such cooperation is taking place. Lastly, training programmes, particularly management training, should enable the private sector to play a full role in the new development strategy.

13. If standards of living are to be raised, particularly in rural areas, and if the rate of coverage and effectiveness of public services are to be increased, it will be necessary in most sectors to focus on the regions and to decentralize, and it will also be necessary to involve the population in the development endeavour to an even greater extent. Technical cooperation, particularly with non-governmental organizations, should support the development and implementation of programmes designed to promote involvement of the population as well as new management methods.

14. The administrative and education reforms started under the second national development plan (1986-1990) and the fiscal reform soon to be launched under the third plan are of particular importance in the context of economic adjustment and regionalization. The Cape Verdean Government would appreciate technical support in those areas.

15. The Government attaches the utmost importance to human resources development. Accordingly, training activities should be a basic component of technical cooperation and be designed to ensure an effective transfer of knowledge with a view to developing autonomous national capacities. With the same goal, the Government continues to encourage the use of national consultants.

D. Aid coordination arrangements

16. Maintaining the high volume of external aid hitherto received by Cape Verde, which is particularly necessary at a time when the country is embarking upon an extensive process of economic adjustment depends increasingly on effective management of the resources mobilized. Coordination is a key element of such management, and the United Nations Development Programme (UNDP) will help to strengthen coordination by supporting two government exercises. The NaTCAP exerise referred to above will lead to the adoption by the Government of a technical-cooperation policy that will provide the framework for integrating this important form of aid. Furthermore, UNDP will provide assistance in preparing for, holding and following up the third round-table meeting on development, at which the third national development plan will be presented to donors and aid modalities will be discussed, particularly the establishment of multi-year indicative programmes for cooperation with the greatest number of partners possible.

17. UNDP will meet the Government's concerns in that connection by developing joint programming with the other funds under the authority of the Administrator (regional programme, Special Measures Fund for Least-Developed Countries (SMF/LDC), Management Development Programme/Special Action Programme for Administration and Management (SAPAM), United Nations Capital Development Fund (UNCDF), United Nations Sudano-Sahelian Office (UNSO), United Nations Volunteers (UNV), United Nations Development Fund for Women (UNIFEM) and United Nations Fund for Science and Technology for Development (UNFSTD)) in the context of indicative cooperation programmes based on the objectives laid down under the current programme. A similar effort will be undertaken with

the agencies members of the Joint Consultative Group on Policy (JCGP), particularly the World Food Programme (WFP) and the United Nations Population Fund (UNFPA).

II. THE COUNTRY PROGRAMME

A. Assessment of the third country programme

18. The main lessons learned from implementation of the third programme have been the following:

(a) The restriction on the level of resources available in the context of the indicative planning figure (IPF) must be compensated for by means of supplementary financing, which would make it possible to strengthen and maximize the impact of activities undertaken in the context of the IPF;

(b) Links between investment projects funded by UNCDF and UNSO and IPF-funded technical-assistance projects promote both the integration ofthe former projects into the programme and full exploitation of the resources that they provide;

(c) Special forms of technical assistance - such as national experts and consultants, technical cooperation among developing countries (TCDC), the transfer of knowledge through expatriate nationals (TOKTEN) and UNV - each offer specific advantages and are geared to the specific Cape Verdean context, in addition to being low-cost approaches. Increasing use of such forms of assistance should be encouraged;

(d) At the project-design stage the availability of national counterparts must be evaluated realistically, and the project concerned must be set up accordingly, so as to be able to achieve a genuine transfer of knowledge.

19. Lastly, at a more general level, evaluation of the third programme has shown that programme implementation has been satisfactory and that the response to Cape Verde's technical-assistance requirements has been in keeping with the priorities set under the second national development plan and has not been affected adversely by the policies adopted in 1988 with a view to adjusting the economic system. However, the programme has been divided up into a large number of small-scale activities, which could have had a negative impact on its coherence, impact and capacity to provide impetus and ensure coordination.

20. In 1991, the final year of the third programme, a borrowed amount of $900,000 is available, which will be used both for completing ongoing projects and for launching a number of new projects. The projects in question have been identified and set up in keeping with the objectives set for the fourth programme, so that they will be fully integrated into that programme.

B. New programme proposal

21. The goal of development policy over the next few years is to implement a strategy leading to a gradual reduction in external dependence and to promote sustained human development in a more autonomous manner. UNDP's role is to provide assistance in strengthening the Government's capacity to provide a framework for and implement the policy in question, particularly in the sectors directly affected by the new approaches. The support requested concerns the three major areas on which the development endeavour is to be focused as a matter of priority:

(a) Capability to carry out the economic adjustment;

(b) Human resources development;

(c) Promotion of regional development and involvement of the population.

22. In the endeavour to achieve these three objectives emphasis will be placed on the programme approach, by means of mechanisms for coordinating activities. In that connection, consultations will be held at a later stage with the Government with a view to defining the optimal conditions for such coordination. The aim will be to set up government or joint instruments and machinery - involving the Government, UNDP and the executing agencies - with a view to facilitating dialogue and the coordination fo activities designed to achieve the same objectives.

23. The new programme will also permit financing of innovative forms of technical assistance such as TCDC and TOKTEN. However, IPF resources alone will not be sufficient to enable UNDP to make the minimum desirable contribution towards achieving the three proposed objectives. Accordingly, support from the other funds under the authority of the Administrator and from the agencies members of JCGP will be requested and integrated in the context of joint programming.

24. The fifth cycle IPF has been set at $7,218,000, from which $900,000 representing the amount borrowed for use in 1991 should be deducted. Taking account of the supplementary financing already announced, the total resources available amount to $17,218,000 (see annex). That amount does not include the total amount of the contributions from the other funds under the authority of the Administrator (SMF/LDC, Special Programme Resources (SPR), UNIFEM, UNFSTD, the United Nations Revolving Fund for Natural Resources Exploration (UNRFNRE) and other funds), since the programming for the action to be taken by some of the funds in question has not yet been finalized.

25. Subject to confirmation in accordance with the special procedures of each of the major agencies involved, contributions, already announced, from non-IPF sources will concern the following activities:

(a) Funds under the authority of the Administrator - SMF/LDC, SPR, UNIFEM, UNFSTD, UNRFNRE or other international, interregional or regional programmes - all contribute, in their own specific fields, to the realization of the objectives laid down in Cape Verde's fourth programme: strengthening of institutional planning, administrative and management capacity; human dimension of development and improved integration of women into the development process; promotion of initiatives by the private sector and by non-governmental organizations; improved resources management; and greater capability in science and technology;

(b) UNFPA: $3,100,000 for the period 1992-1996. The programme of activities to be undertaken by the Fund covers five areas: maternal and child health, including family planning; collection of social and population data and monitoring of population development; the many aspects of the issue of women and development; improvement of the establishment and implementation of population policy; and information, education and communications;

(c) UNCDF: $5 million to $7 million for the period 1992-1995. The aim of the Fund's current programme of assistance is to establish the basic infrastructure required for human resources development. Under the forthcoming programme, UNCDF will expand its action with a view to developing resources in rural areas;

(d) UNSO: $3,500,000 for the period 1992-1996. This fund will continue its environmental-protection and desertification-control activities, supplementing the activities of, and in coordination with, other donors active in these strategic areas. Its programme will focus in particular on the strengthening of national capacity in the area of desertification control; pilot operations to improve fragile terrain, renewable sources of energy, and seeding trees, and on such operations as those run by non-governmental organizations.

Capability to carry out the economic adjustment

26. The purpose of the first objective is to promote national capacity in steering and supporting the economic adjustment, in the key sectors of the management of economic and social development and in the strategic sectors of the adjustment. From 40 to 50 per cent of the anticipated total volume of resources and 35 to 45 per cent of the IPF will be set aside for achieving this objective, for the financing of the three priority areas of intervention identified.

27. Modernization of administration. The role played by administration, whether central, sectoral, regional or local, is to undergo a far-reaching transformation, since the function of facilitating and promoting economic activities will take on a new dimension. The continuation of the administrative reform, begun under the second national development plan with UNDP support, and the launch of the fiscal reform, are to foster the development of a more effective, speedier and less costly form of administration. Furthermore, adaptation of administrative structures and

procedures in the strategic sectors of the economic adjustment will be included in the programme to support the sectors in question.

28. Improvement of management. Implementation and monitoring of the new development policy calls for a more effective management system and more effective management tools. In addition to the anticipated outcome of the NaTCAP exercise and of SAPAM, which place particular emphasis on horizontal structures, supplementary programmes will be adopted in the area of central and regional planning and the improvement of the national information system.

29. Support to strategic production sectors. The sectors on which the economic adjustment focuses more directly (for example, trade and industry, and tourism) will have to make a big adaptation effort. In particular, UNDP will support the creation in these sectors of a climate conducive to the development of private investment and of national capacity regarding the preparation of sectoral strategies and support for their implementation. Protection of the environment and desertification control will be monitored closely, particularly through UNDP technical assistance to projects and programmes implemented by UNSO and UNCDF.

30. This first objective lends itself in particular to Government implementation, whose appropriateness will be considered on a case-by-case basis. Moreover, use of TCDC, particularly with regard to support for strategic sectors, would mean that Cape Verde could benefit from the experience of countries that have successfully brought about the kind of economic change that it seeks.

31. The anticipated results of programme and project implementation to achieve this first objective are:

(a) An improvement in the efficiency of the Cape Verdean Administration as a result of implementation of the second phase of the administrative reform, whose purpose is to rationalize structures and mandates and to improve tools and procedures for the administrative and financial coordination of human resources;

(b) The strengthening of national planning and management capacity by means of: an improvement in the national information system with regard to gathering, processing and disseminating information; the standardization of global and sectoral nomenclature; and the strengthening of tools for State financial management, planning and programming;

(c) Strengthening of sectoral capacities, particularly in industry and tourism, and, more generally, an improvement in the climate for investment and private initiatives.

Human resources development

32. Human resources development is an absolute priority for the Government and is crucial if the economic adjustment is to succeed. Training (particularly for those responsible for providing training) will therefore be a major component of the fourth programme. Furthermore, the purpose of the second objective is to make a more specific contribution in the areas of education, vocational training and employment. From 15 to 25 per cent of the total anticipated volume of resources and from 20 to 30 per cent of the IPF will be set aside for financing activities with a view to achieving this objective.

33. Strengthening of planning in respect of and management of the educational system. Under the third national development plan, implementation of the educational reform will begin with a view to extending the provision of basic education and improving teaching quality. Support for monitoring and evaluating implementation of this process and, in general, for increasing the planning and management capacity of both central and decentralized structures of the Ministry of Education will make it possible to increase the scope and the effectiveness of Ministry policy and of the control exercised by the Ministry.

34. Vocational training. Developments in the near future on the labour market, which are likely to be increasingly rapid, will call for appropriate and swift support in the form of vocational training. Provision is therefore being made for support for the sector in question in the areas of organization, coordination and planning, and for the preparation and implementation of appropriate training programmes.

35. Promotion of employment. A process of liberalization and greater openness of the economy to the exterior will promote the expansion of employment. UNDP will help those involved in this sector (public institutions and trade unions) to strengthen their capabilities, so as to facilitate and monitor developments in the sector and set up a labour-relations system that will guarantee both the well-being of workers and competitiveness abroad.

36. The anticipated results of the activities carried out in the context of the second objective are:

(a) Strengthening of national planning and management capacity in the context of the educational system, with improved monitoring of the impact of the ongoing reform;

(b) Establishment and implementation of an institutional plan for supervision and coordination in the sector with programming of requirements as regards vocational training and training for those responsible for providing training;

(c) Establishment and implementation of a policy for the promotion of employment, including the improvement of labour relations by means of the development of trade-union activities and strengthening of institutions

responsible for employment management (improvement of labour statistics, monitoring of unemployment, modification of legislation to take account of the focus of the economic reform, and training of leaders).

Promotion of regional development and involvement of the population

37. The purpose of the third objective of the UNDP programme - which will mobilize 30 to 40 per cent of the total anticipated volume of resources and 30 to 40 per cent of the IPF - is to help to raise standards of living, particularly in rural areas, and to reduce mass migration from rural areas by promoting involvement of the rural population in development activities. Emphasis will be placed on three areas: institutional support for regional development; involvement of the population in the management of collective services; and promotion of income-generating activities.

38. Institutional support for regional development. Cape Verde's geographical configuration and the fact that the population is widely dispersed mean that the regional aspect of development is an essential component of the human-development strategy. UNDP will support the creation of new mechanisms designed, at the regional level, to give impetus to the process of involving the population in the development of their own communities and, at the central level, to guarantee integration of regional efforts into the national development perspective.

39. Involvement of the population in the management of collective services. It is becoming apparent that decentralization and the involvement of the population are increasingly necessary in order to ensure effective, less costly management of collective services. UNDP will provide assistance in the establishment of decentralized management structures for key sectors, with a view to meeting the population's basic needs, particularly with regard to housing - in cooperation with UNCDF - and with regard to water.

40. Promotion of income-generating activities. The precarious nature of incomes in rural regions and income disparities between urban and rural areas that are likely to be accentuated by the economic adjustment call for the development of activities to supplement traditional occupations, particularly for women and young people. UNDP will help to develop and implement approaches based on community involvement. Moreover, programmes to mobilize rural loans and to promote investment by emigrants at the regional level will be developed and implemented.

41. The involvement of women is an important aspect of programmes implemented in the context of the third objective in particular. Use of non-governmental organizations for the implementation of some components of the third objective will also be considered. UNDP will endeavour in that connection to facilitate intervention by both national and international non-governmental organizations by means of strengthening coordination among such organizations.

42. Programmes and projects financed in the context of the third objective are designed to achieve the following results:

(a) Institutional strengthening at the level of regional development by means, in particular, of an improvement in the system of devolved and decentralized planning;

(b) Higher standards of living, particularly through access to housing and drinking water;

(c) Promotion of income-generating activities as a result of the identification and implementation of measures to provide training and supervision for the pre-cooperative sector, development of loans to support activities leading to the creation of small individual and family-owned enterprises, the establishment of mechanisms for collecting and recycling emigrants' savings in the context of private production and service activities and, lastly, support for female heads of household and female heads of enterprises.

43. In the case of all three of the programme's objectives, the anticipated results, which are described here on an indicative basis, will be developed in greater depth on the occasion of missions to prepare programmes and projects. The Cape Verdean Government wishes to stress the relatively flexible nature of the IPF so that it may gear its decisions to the requirements of the ongoing process of economic adjustment.

C. Unprogrammed reserve

44. Provision has been made for an unprogrammed reserve of up to $2,582,700 (15 per cent of all available resources).

Annex

FINANCIAL SUMMARY

I. ACTUAL RESOURCES TAKEN INTO ACCOUNT FOR PROGRAMMING			
A. UNDP-administered sources		$	$
Fifth cycle IPF		7 218 000	
Borrowed from fifth cycle		(900 000)	
Total IPF			6 318 000
Operational funds under the authority of the Administrator (UNCDF, UNFSTD, UNSO)		7 800 000	
Total, UNDP non-IPF funds			7 800 000
B. Other sources			
Funds from other United Nations agencies or organizations firmly committed as a result of the country programme exercise (United Nations Population Fund)		3 100 000	3 100 000
TOTAL ACTUAL RESOURCES TAKEN INTO ACCOUNT FOR PROGRAMMING			17 218 000
II. USE OF RESOURCES			
Programmed resources			
Ongoing projects*		2 469 000	
Total resources available			17 218 000
Allocation by objectives:			
(a) Capability to carry out the economic adjustment	From	6 887 200 to	8 609 000
(b) Human resources development	From	2 582 700 to	4 304 500
(c) Promotion of regional development and involvement of the population	From	5 165 400 to	6 887 200
Unprogrammed reserve	From	0 to	2 582 700
TOTAL USE OF RESOURCES (Programme + Reserve)			17 218 000

* All ongoing projects are in keeping with the objectives of the new programme. The amount of $2,469,000 is included in the allocation by objectives under the fourth programme.